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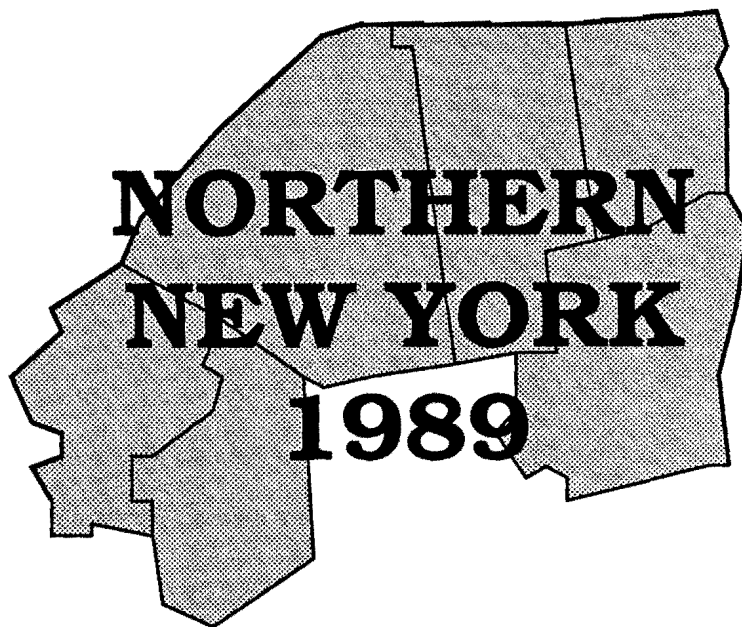
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DAIRY FARM BUSINESS SUMMARY



Stuart F. Smith
Linda D. Putnam

Department of Agricultural Economics
New York State College of Agriculture and Life Sciences
A Statutory College of the State University
Cornell University, Ithaca, New York 14853-7801

1989 DAIRY FARM BUSINESS SUMMARY
NORTHERN NEW YORK REGION

Table of Contents

	<u>Page</u>
INTRODUCTION	1
Program Objective	1
Format Features	1
SUMMARY AND ANALYSIS OF THE FARM BUSINESS	2
Business Characteristics	2
Income Statement	2
Profitability Analysis	6
Farm and Family Financial Status	8
Cash Flow Statement	11
Repayment Analysis	12
Cropping Analysis	14
Dairy Analysis	16
Capital and Labor Efficiency Analysis	18
COMPARATIVE ANALYSIS OF THE FARM BUSINESS	19
Progress of the Farm Business	19
Farm Business Chart.....	20
Financial Analysis Chart	22
Comparisons by Type of Barn and Herd Size	23
Herd Size Comparisons	23
IDENTIFY AND SET GOALS	37

1989 DAIRY FARM BUSINESS SUMMARY
Northern New York*

INTRODUCTION

Dairy farmers throughout New York State have been participating in Cornell Cooperative Extension's farm business summary and analysis program since the early 1950's. Each participating farmer receives a comprehensive business summary and analysis of his or her farm business. The information in this report represents an average of the data submitted from farms in the Northern New York region.

Program Objective

The primary objective of the dairy farm business summary, DFBS, is to help farm managers improve the business and financial management of their farm through appropriate use of historical farm data and the application of modern farm business analysis techniques. In short, DFBS identifies the business and financial information farmers need and demonstrates how it should be used in identifying and evaluating strengths and weaknesses of the farm business.

Format Features

This regional report follows the same general format as in the 1989 DFBS printout received by all participating dairy farmers. Worksheets are included to give non-DFBS participants an opportunity to summarize their businesses. The analysis tables have an open column or section labeled My Farm. It may be used by any dairy farm manager who wants to compare his or her business with the average data of this region.

This report features:

- (1) an income statement including accrual adjustments for farm business expenses and receipts, as well as measures of profitability with and without appreciation,
- (2) a complete balance sheet with analytical ratios,
- (3) a cash flow summary including debt repayment ability,
- (4) a cropping analysis,
- (5) a dairy analysis, and
- (6) capital and labor efficiency analysis.

Micro DFBS, a computer program which enables Cooperative Extension agents and specialists to calculate and print individual farm business reports in their offices, is now being used by the dairy farm management field staff for 90 percent of the farms cooperating. This innovative approach provides faster processing of farm record data and increased use of the DFBS in farm management programs.

*Northern New York, with the number of participating farms in parentheses, is comprised of Clinton (7), Essex (5), Franklin (22), Jefferson (18), Lewis (11), and St. Lawrence (13) Counties.

This report was written by Stuart F. Smith, Senior Extension Associate, Farm Management. Linda Putnam was in charge of data preparation. Cindy Farrell and Beverly Carcelli prepared the publication. Farm Business data was collected by Cooperative Extension agents Anita Deming, Russell Coombe, David Dodge, Craig Trowbridge, Pat Beyer, Gerke van der Zwaag, and LuAnn King.

SUMMARY AND ANALYSIS OF THE FARM BUSINESS

Business Characteristics

Finding the right management strategies is an important part of operating a successful farm. Various combinations of farm resources, enterprises, business arrangements, and management techniques are used by the dairy farmers in this region. The following table shows important farm business characteristics and the number of farmers reporting these characteristics.

BUSINESS CHARACTERISTICS
76 Northern New York Dairy Farms, 1989

<u>Type of Farm</u>	<u>Number</u>	<u>Type of Barn</u>	<u>Number</u>
Dairy	76	Stanchion/Tie-Stall	44
Part-time dairy	0	Freestall	25
Dairy cash-crop	0	Combination	7
Part-time cash-crop dairy	0		
<u>Type of Ownership</u>	<u>Number</u>	<u>Milking System</u>	<u>Number</u>
Owner	72	Bucket & carry	1
Renter	4	Dumping station	11
		Pipeline	36
		Herringbone parlor	23
		Other parlor	5
<u>Type of Business</u>	<u>Number</u>	<u>Milking Frequency</u>	<u>Number</u>
Single proprietorship	60	2x/day	72
Partnership	15	3x/day	4
Corporation	1	Other	0
<u>Business Record System</u>	<u>Number</u>	<u>Production Records</u>	<u>Number</u>
ELFAC	1	DHIC	58
Account Book	50	Owner-Sampler	8
Agrifax (mail-in only)	5	Other	5
On-Farm Computer	8	None	5
Other	12		

The averages used in this report were compiled using data from all the participating dairy farms in this region unless noted otherwise. There are full-time dairy farms, part-time farms, dairy cash-crop farms, farm renters, partnerships, and corporations included in the average. These specific classifications are used to separate farms in the State Business Summary.

Income Statement

In order for an income statement to accurately measure farm income, it must include cash transactions and accrual adjustments (changes in accounts payable, accounts receivable, inventories, and prepaid expenses).

Cash paid is the actual cash paid during the year and does not necessarily represent the cost of goods and services actually used.

Change in inventory: An increase in inventory is subtracted in computing accrual expenses because it represents purchased inputs not actually used during the year. A decrease in inventory is added to expenses because it represents the cost of inputs purchased in a prior year and used this year.

CASH AND ACCRUAL FARM EXPENSES
76 Northern New York Dairy Farms, 1989

Expense Item	Cash Paid +	Change in Inventory or Prepaid Expense* +	Change in Accounts Payable -	Accrual Expenses
<u>Hired Labor</u>	\$ 17,809	\$ 0	\$ 8	\$ 17,817
<u>Feed</u>				
Dairy grain & conc.	57,003	-608	-278	56,117
Dairy roughage	2,180	-150	-79	1,951
Nondairy	601	-8	59	652
<u>Machinery</u>				
Mach. hire, rent/lease	1,961	0	0	1,961
Machinery repairs/parts	11,559	-161	-45	11,353
Auto exp. (farm share)	618	0	0	618
Fuel, oil & grease	4,680	-29	10	4,661
<u>Livestock</u>				
Replacement livestock	2,849	0	-45	2,804
Breeding	2,592	0	4	2,596
Vet & medicine	3,871	-17	20	3,874
Milk marketing	4,402	0	0	4,402
Cattle lease/rent	424	0	0	424
Other livestock expense	9,310	-19	-33	9,258
<u>Crops</u>				
Fertilizer & lime	7,367	-271	34	7,130
Seeds & plants	3,010	-426	-15	2,569
Spray, other crop exp.	2,797	-61	23	2,759
<u>Real Estate</u>				
Land/bldg./fence repair	4,248	-42	131	4,337
Taxes	4,868	0	214	5,082
Rent & lease	2,888	-6	36	2,918
<u>Other</u>				
Insurance	3,945	0	-5	3,940
Telephone (farm share)	489	0	-1	488
Electricity (farm share)	5,632	0	-28	5,604
Interest paid	15,849	0	0	15,849
Miscellaneous	<u>2,385</u>	<u>-8</u>	<u>0</u>	<u>2,377</u>
Total Operating	\$173,337	\$ -1,806	\$ 10	\$171,541
Expansion livestock	2,150	0	0	2,150
Machinery depreciation				14,291
Building depreciation				<u>6,004</u>
TOTAL ACCRUAL EXPENSES				\$193,986

Changes in prepaid expenses are a net change in non-inventory expenses that have been paid in advance of their use, for example, 1990 rent paid in 1989. If 1989 funds used to prepay 1990 rent exceeded the amount of 1989 rent prepaid in 1988, the amount of this excess is entered as a negative number to exclude it from 1989 rental expenses. The excess prepaid rent should be charged against the future year's business operation. A decrease in prepaid rent is added to expenses because it represents use of resources during this year that were paid for in past years but should be charged against this year's operation.

Change in accounts payable: An increase in accounts payable from beginning to end of year is added and a decrease is subtracted when calculating accrual expenses.

Accrual expenses are the costs of inputs actually used in this year's production. They are the total of cash paid, changes in inventory or prepaid expenses, and changes in accounts payable.

CASH AND ACCRUAL FARM EXPENSES WORKSHEET

<u>Expense Item</u>	<u>Cash Paid +</u>	<u>Change in Inventory or Prepaid Expense +</u>	<u>Change in Accounts Payable</u>	<u>Accrual Expenses -</u>
<u>Hired Labor</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Feed</u>				
Dairy grain & conc.	_____	_____	_____	_____
Dairy roughage	_____	_____	_____	_____
Nondairy	_____	_____	_____	_____
<u>Machinery</u>				
Mach. hire, rent/lease	_____	_____	_____	_____
Machinery repairs/parts	_____	_____	_____	_____
Auto exp. (farm share)	_____	_____	_____	_____
Fuel, oil & grease	_____	_____	_____	_____
<u>Livestock</u>				
Replacement livestock	_____	_____	_____	_____
Breeding	_____	_____	_____	_____
Vet & medicine	_____	_____	_____	_____
Milk marketing	_____	_____	_____	_____
Cattle lease/rent	_____	_____	_____	_____
Other livestock expense	_____	_____	_____	_____
<u>Crops</u>				
Fertilizer & lime	_____	_____	_____	_____
Seeds & plants	_____	_____	_____	_____
Spray, other crop expense	_____	_____	_____	_____
<u>Real Estate</u>				
Land, bldg., fence rep.	_____	_____	_____	_____
Taxes	_____	_____	_____	_____
Rent & lease	_____	_____	_____	_____
<u>Other</u>				
Insurance	_____	_____	_____	_____
Telephone (farm share)	_____	_____	_____	_____
Electricity (farm share)	_____	_____	_____	_____
Interest paid	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	_____
Total Operating	\$ _____	\$ _____	\$ _____	\$ _____
Expansion livestock	_____	_____	_____	_____
Machinery depreciation	_____	_____	_____	_____
Building depreciation	_____	_____	_____	_____
TOTAL ACCRUAL EXPENSES				\$ _____

CASH AND ACCRUAL FARM RECEIPTS
76 Northern New York Dairy Farms, 1989

Receipt Item	Cash Receipts	+ Change in Inventory	+ Change in Accounts Receivable	- Accrual Receipts
Milk sales	\$201,703		\$ 3,304	\$205,007
Dairy cattle	14,250	\$ 3,905	18	18,173
Dairy calves	3,350		1	3,351
Other livestock	104	-24	0	80
Crops	1,202	3,854	35	5,091
Government receipts	2,639	-5*	0	2,634
Custom machine work	382		0	382
Gas tax refund	154		0	154
Other	<u>2,106</u>		<u>155</u>	<u>2,261</u>
Less nonfarm noncash cap.**		(-) <u>0</u>		(-) <u>0</u>
Total Accrual Receipts	\$225,890	\$ 7,730	\$ 3,514	\$237,134

*Change in advanced government receipts.

**Gifts or inheritances of cattle or crops included in inventory.

Cash receipts include the gross value of milk checks received during the year plus all other payments received from the sale of farm products, services, and government programs. Nonfarm income is not included in calculating farm profitability.

Changes in inventory are calculated by subtracting beginning of year values from end of year values excluding appreciation. Increases in livestock inventory caused by herd growth and/or quality are added, and decreases caused by herd reduction and/or quality are subtracted. Changes in inventories of crops grown are also included. Changes in advanced government receipts are calculated by subtracting the end year balance from the beginning year balance (balances are listed with the current liabilities on the Balance Sheet).

Changes in accounts receivable are calculated by subtracting beginning year balances from end year balances. The January milk check for this December's marketings compared with the previous January's check is included as a change in accounts receivable.

Accrual receipts represent the value of all farm commodities produced and services actually generated by the farmer during the year.

CASH AND ACCRUAL FARM RECEIPT WORKSHEET

Receipt Item	Cash Receipts	+ Change in Inventory	+ Change in Accounts Receivable	- Accrual Receipts
Milk sales	\$ _____		\$ _____	\$ _____
Dairy cattle	_____	\$ _____	_____	_____
Dairy calves	_____	_____	_____	_____
Other livestock	_____	_____	_____	_____
Crops	_____	_____	_____	_____
Government receipts	_____	_____	_____	_____
Custom machine work	_____	_____	_____	_____
Gas tax refund	_____	_____	_____	_____
Other	_____	_____	_____	_____
Less gifts of cattle & crops		(-) _____		(-) _____
Total Accrual Receipts	\$ _____	\$ _____	\$ _____	\$ _____

Profitability Analysis

Farm operators contribute labor, management, and capital to their businesses and the best combination of these resources maximizes income. Farm profitability can be measured as the return to all family resources or as the return to one or more individual resources such as labor and management.

Net farm income is the return to the farm operators and other unpaid family members for their labor, management, and equity capital. It is the farm family's net annual return from working, managing, financing, and owning the farm business. This is not a measure of cash available from the year's business operation. Cash flow is evaluated later in this report.

Net farm income is computed both with and without appreciation. Appreciation represents the change in values caused by annual changes in prices of live-stock, machinery, real estate inventory, and stocks and certificates (other than FLB and PCA). Appreciation is a major factor contributing to changes in farm net worth and must be included for a complete profitability analysis.

NET FARM INCOME
76 Northern New York Dairy Farms, 1989

Item	Average	My Farm
Total accrual receipts	\$237,134	\$ _____
Appreciation: Livestock	10,856	_____
Machinery	4,763	_____
Real Estate	5,974	_____
Other Stock/Certificates	-10	_____
Total Including Appreciation	\$258,717	\$ _____
Total accrual expenses	-193,986	- _____
Net Farm Income (with appreciation)	\$ 64,731	\$ _____
Net Farm Income (without appreciation)	\$ 43,148	\$ _____

Return to operators' labor, management, and equity capital measures the total net farm income for the farm operator(s). It is calculated by deducting a charge for unpaid family labor from net farm income. Operators' labor is not included in unpaid family labor. Return to operators' labor, management, and equity capital has been calculated both with and without appreciation. Appreciation is considered an important part of the return to ownership of farm assets.

RETURN TO OPERATORS' LABOR, MANAGEMENT, AND EQUITY
76 Northern New York Dairy Farms, 1989

Item	Average		My Farm	
	With Apprec.	Without Apprec.	With Apprec.	Without Apprec.
Net farm income	\$ 64,731	\$ 43,148	\$ _____	\$ _____
Family labor unpaid @ \$750 per month	- 2,516	- 2,516	- _____	- _____
Return to operators' labor, management, & equity	\$ 62,215	\$ 40,632	\$ _____	\$ _____

Labor and management income is the return which farm operators receive for their labor and management used in operating the farm business. Appreciation is not included as part of the return to labor and management because it results from ownership of assets rather than management of the farm business. Labor and management income is calculated by deducting the opportunity cost of using equity capital at a real interest rate of five percent, from the return to operators' labor, management, and equity capital excluding appreciation. The interest charge of five percent reflects the long-term average rate of return above inflation that a farmer might expect to earn in comparable risk investments.

LABOR AND MANAGEMENT INCOME
76 Northern New York Dairy Farms, 1989

Item	Average	My Farm
Return to operators' labor, management, & equity without appreciation	\$ 40,632	\$ _____
Real interest @ 5% on \$332,235 average equity capital	- 16,612	- _____
Labor & Management Income	\$ 24,020	\$ _____
Labor & Management Income per 1.35 Operator/Manager	\$ 17,792	\$ _____

Return on equity capital measures the net return remaining for the farmer's equity or owned capital after a charge has been made for the owner-operator's labor and management. The earnings or amount of net farm income allocated to labor and management is the opportunity cost of operators' labor and management estimated by the cooperators. Return on equity capital is calculated with and without appreciation. The rate of return on equity capital is determined by dividing the amount returned by the average farm net worth or equity capital. Return on total capital is calculated by adding interest paid to the return on equity capital and then dividing by average farm assets to calculate the rate of return on total capital.

RETURN ON EQUITY CAPITAL AND RETURN ON TOTAL CAPITAL
76 Northern New York Dairy Farms, 1989

Item	Average	My Farm
Return to operators' labor, management, & equity capital with appreciation	\$ 62,215	\$ _____
Value of operators' labor & management	- 26,302	- _____
Return on equity capital with appreciation	\$ 35,913	\$ _____
Interest paid	\$ 15,849	\$ _____
Return on total capital with appreciation	\$ 51,762	\$ _____
Return on equity capital without appreciation	\$ 14,330	\$ _____
Return on total capital without appreciation	\$ 30,179	\$ _____
Rate of return on average equity capital:		
with appreciation	10.8%	_____ %
without appreciation	4.3%	_____ %
Rate of return on average total capital:		
with appreciation	10.2%	_____ %
without appreciation	5.9%	_____ %

Farm and Family Financial Status

The first step in evaluating the financial position of the farm is to construct a balance sheet which identifies all the assets and liabilities of the business. The second step is to evaluate the relationship between assets, liabilities, and net worth and changes that occurred during the year.

1989 FARM BUSINESS & NONFARM BALANCE SHEET
76 Northern New York Dairy Farms, January 1, 1990

Farm Assets			Farm Liabilities & Net Worth		
	Jan. 1	Dec. 31		Jan. 1	Dec. 31
<u>Current</u>			<u>Current</u>		
Farm cash, checking & savings	\$ 6,297	\$ 7,255	Accounts payable	\$ 3,675	\$ 3,683
Accounts rec.	16,316	19,830	Operating debt	1,958	2,144
Prepaid exp.	47	53	Short-term	1,203	2,267
Feed & supplies	<u>33,360</u>	<u>39,013</u>	Advanced govt. rec.	<u>0</u>	<u>5</u>
Total	\$ 56,020	\$ 66,151	Total	\$ 6,836	\$ 8,100
<u>Intermediate</u>			<u>Intermediate</u>		
Dairy cows:			Structured debt		
owned	\$ 80,137	\$ 88,915	1-10 years	\$ 66,833	\$ 68,691
leased	118	61	Financial lease		
Heifers	33,511	39,458	(cattle/mach.)	862	582
Bulls/other lvstk.	768	780	FLB/PCA stock	<u>2,552</u>	<u>1,430</u>
Mach./eq. owned	99,999	109,437	Total	\$ 70,247	\$ 70,703
Mach./eq. leased	744	521	<u>Long Term</u>		
FLB/PCA stock	2,552	1,430	Structured debt		
Other stock/cert.	<u>2,583</u>	<u>2,394</u>	≥10 yrs	\$ 98,593	\$ 94,774
Total	\$220,412	\$242,996	Financial lease		
<u>Long-Term</u>			(structures)	<u>782</u>	<u>483</u>
Land/buildings:			Total	\$ 99,375	\$ 95,257
owned	\$210,786	\$217,359	Total Farm Liab.	\$176,458	\$174,061
leased	<u>782</u>	<u>483</u>	FARM NET WORTH	\$311,542	\$352,928
Total	\$211,568	\$217,842			
Total Farm Assets	\$488,000	\$526,989			
(Average for 48 farms reporting)			<u>Nonfarm Liabilities*</u>		
<u>Nonfarm Assets*</u>			<u>& Net Worth</u>		
	Jan. 1	Dec. 31		Jan. 1	Dec. 31
Personal cash, chkg. & savings	\$ 4,932	\$ 5,177	Nonfarm Liab.	\$ 2,106	\$ 3,489
Cash value life ins.	5,867	6,726	NONFARM NET WORTH	\$ 35,047	\$ 36,951
Nonfarm real estate	6,456	6,602			
Auto (personal sh.)	3,741	4,290	<u>FARM & NONFARM*</u>	<u>Jan. 1</u>	<u>Dec. 31</u>
Stocks & bonds	4,863	5,760	Total Assets	\$525,153	\$567,429
Household furn.	10,885	11,281	Total Liabilities	<u>178,564</u>	<u>177,550</u>
All other	<u>408</u>	<u>604</u>	TOTAL FARM & NON-		
Total Nonfarm	\$ 37,153	\$ 40,440	FARM NET WORTH	\$346,589	\$389,879

*Assumes that average nonfarm assets and liabilities for the nonreporting farms were the same as for those reporting.

Financial lease obligations are included in the balance sheet. The present value of all future payments is listed as a liability since the farmer is committed to make the payments by signing the lease. The present value is also listed as an asset, representing the future value the item has to the business. For 1989, leases were discounted by 11.5 percent.

Advanced government receipts are included as current liabilities. Government payments received in 1989 that are for participation in the 1990 program are the end year balance and payments received in 1988 for participation in the 1989 program are the beginning year balance.

Date _____

1989 FARM BUSINESS & NONFARM BALANCE SHEET

Farm Assets		Jan. 1	Dec. 31	Farm Liabilities & Net Worth		Jan. 1	Dec. 31
<u>Current</u>				<u>Current</u>			
Farm cash, checking & savings		_____	_____	Accounts payable		_____	_____
Accounts rec.		_____	_____	Operating debt:		_____	_____
Prepaid expense		_____	_____			_____	_____
Feed & supplies		_____	_____	Short Term:		_____	_____
Total		_____	_____			_____	_____
<u>Intermediate</u>				<u>Adv. govt. rec.</u>			
Dairy cows:				Total		_____	_____
owned		_____	_____	<u>Intermediate</u>		_____	_____
leased		_____	_____			_____	_____
Heifers		_____	_____			_____	_____
Bulls/other lvstk.		_____	_____			_____	_____
Mach./eq. owned		_____	_____			_____	_____
Mach./eq. leased		_____	_____			_____	_____
FLB/PCA stock		_____	_____	Financial lease		_____	_____
Other stock/cert.		_____	_____	(cattle/mach.)		_____	_____
Total		_____	_____	FLB/PCA stock		_____	_____
				Total		_____	_____
<u>Long-Term</u>				<u>Long-Term</u>			
Land/buildings:						_____	_____
owned		_____	_____			_____	_____
leased		_____	_____			_____	_____
Total		_____	_____	Financial lease		_____	_____
				(structures)		_____	_____
				Total		_____	_____
Total Farm Assets		_____	_____	Total Farm Liab.		_____	_____
				FARM NET WORTH		_____	_____
<u>Nonfarm Assets</u>		Jan. 1	Dec. 31	<u>Nonfarm Liabilities & Net Worth</u>		Jan. 1	Dec. 31
Personal cash, chkg. & savings		_____	_____	Nonfarm Liab.:		_____	_____
Cash val. life ins.		_____	_____			_____	_____
Nonfarm real est.		_____	_____			_____	_____
Auto (pres. share)		_____	_____			_____	_____
Stocks & bonds		_____	_____	Total Nonfarm		_____	_____
Household furn.		_____	_____	Liabilities		_____	_____
All other		_____	_____	Nonfarm		_____	_____
Total Nonfarm		_____	_____	Net Worth		_____	_____
<u>TOTAL FARM & NONFARM</u>		Jan. 1	Dec. 31				
Total Farm & Nonfarm Assets		_____	_____				
Less Total Farm & Nonfarm Liabilities		_____	_____				
Farm & Nonfarm Net Worth		_____	_____				

Balance sheet analysis involves examination of relative asset and debt levels for the business. Percent equity is calculated by dividing end of year net worth by end of year assets. The debt to asset ratio is compiled by dividing liabilities by assets. Low debt to asset ratios reflect business solvency and the potential capacity to borrow. Debt levels per productive unit represent old standards that are still useful if used with measures of cash flow and repayment ability. The change in farm net worth without appreciation is an excellent indicator of farm generated financial progress.

BALANCE SHEET ANALYSIS
76 Northern New York Dairy Farms, January 1, 1990

Item	Average	My Farm		
<u>Financial Ratios - Farm:</u>				
Percent equity	67%	_____ %		
Debt/asset ratio: total	0.33	_____		
long-term	0.44	_____		
intermediate/current	0.25	_____		
<u>Change in Net Worth:</u>				
Without appreciation	\$ 19,803	\$ _____		
With appreciation	41,386	\$ _____		
<u>Farm Debt Analysis:</u>				
Accounts payable as % of total debt	2%	_____ %		
Long-term liabilities as a % of total debt	55%	_____ %		
Current & inter. liab. as a % of total debt	45%	_____ %		
<u>Farm Debt Levels:</u>	<u>Per Cow</u>	<u>Per Tillable Acre Owned</u>	<u>Per Cow</u>	<u>Per Tillable Acre Owned</u>
Total farm debt	\$ 2,001	\$ 879	\$ _____	\$ _____
Long-term debt	1,095	481	_____	_____
Intermediate & current debt	906	398	_____	_____

Farm inventory balance is an accounting of the value of assets used on the balance sheet and the changes that occur from the beginning to end of year. Changes in the livestock inventory are included in the dairy analysis. Net investment indicates whether the capital stock is being expanded (positive) or depleted (negative).

FARM INVENTORY BALANCE
76 Northern New York Dairy Farms, 1989

Item	Avg. of Regional Farms		My Farm	
	R.E.	Mach./Eq.	R.E.	Mach./Eq.
Value beg. of year	\$210,786	\$ 99,999	\$ _____	\$ _____
Purchases	\$ 9,850*	\$ 19,466	\$ _____	\$ _____
Gift/inheritance +	790	+ 145	+ _____	+ _____
Lost capital	- 3,417	- -	- _____	- _____
Sales	- 915	- 644	- _____	- _____
Depreciation	- 6,004	- 14,291	- _____	- _____
Net investment	= 304	= 4,676	=+ _____	=+ _____
Appreciation	+ 6,270**	+ 4,763	+ _____	+ _____
Value end of year	\$217,359	\$109,437	\$ _____	\$ _____

*\$ 1,064 land and \$ 8,786 buildings and/or depreciable improvements.

**Excludes \$-30 of appreciation on assets sold during the year.

Cash Flow Statement

Completing an annual cash flow statement is an important step in understanding the sources and uses of funds for the business. Understanding last year's cash flow is the first step toward planning and managing cash flow for the current and future years.

The annual cash flow statement is structured to compare all the cash inflows with all the cash outflows for the year. A complete list of cash inflows and cash outflows are identified in the following table. By definition, total cash inflows must equal total cash outflows when beginning and ending balances are included. Any imbalance is, therefore, the error from incorrect accounting of cash inflows and cash outflows. Whenever an imbalance exists, all other items are correct.

	Average	My Farm
<u>Cash Inflows</u>		
Beginning farm cash, checking & savings	\$ 6,297	\$ _____
Cash farm receipts	225,890	_____
Sale of assets: Machinery	644	_____
Real estate	467	_____
Other stock & certificate	212	_____
Money borrowed (intermediate & long-term)	18,643	_____
Money borrowed (short-term)	2,740	_____
Increase in operating debt	186	_____
Nonfarm income	5,096	_____
Cash from nonfarm capital used in the business	220	_____
Money borrowed - nonfarm	<u>1,050</u>	_____
Total	\$261,445	\$ _____
<u>Cash Outflows</u>		
Cash farm expenses	\$173,338	\$ _____
Capital purchases: Expansion livestock	2,150	_____
Machinery	19,466	_____
Real estate	9,850	_____
Other stock & certificate	33	_____
Principal payments (intermediate & long-term)	20,604	_____
Principal payments (short-term)	1,676	_____
Decrease in operating debt	0	_____
Personal withdrawals & family expenditures		_____
including nonfarm debt payments	25,985	_____
Ending farm cash, checking & savings	<u>7,255</u>	_____
Total	\$260,356	\$ _____
Imbalance (error)	\$ 1,089	\$ _____

Repayment Analysis

The second step in cash flow analysis is to compare the debt payments planned for the last year with the amount actually paid. The measures listed below provide a number of different perspectives on the repayment performance of the business. However, the critical question to many farmers and lenders is whether planned payments can be made in 1990. The cash flow projection worksheet on the next page can be used to estimate repayment ability, which can then be compared to planned 1990 debt payments shown below.

FARM DEBT PAYMENTS PLANNED
Same 54 Northern New York Dairy Farms, 1988 and 1989

Debt Payments	Average			My Farm		
	1989 Payments		Planned 1990	1989 Payments		Planned 1990
	Planned	Made		Planned	Made	
Long-term	\$ 14,536	\$ 16,484	\$ 14,093	\$ _____	\$ _____	\$ _____
Intermediate-term	15,358	17,834	17,527	_____	_____	_____
Short-term	815	1,171	1,177	_____	_____	_____
Operating (net reduction)	364	0	649	_____	_____	_____
Accounts payable (net reduction)	400	11	278	_____	_____	_____
Total	\$ 31,473	\$ 35,499	\$ 33,723	\$ _____	\$ _____	\$ _____
Per cow	\$ 384	\$ 433		\$ _____	\$ _____	
Per cwt. 1989 milk	\$ 2.29	\$ 2.58		\$ _____	\$ _____	
Percent of total 1989 receipts	14%	16%		_____	_____	
Percent of 1989 milk receipts	16%	18%		_____	_____	

The cash flow coverage ratio measures the ability of the farm business to meet its planned debt payment schedule. The ratio shows the percentage of planned payments that could have been made with last year's available cash flow. Farmers who did not participate in DFBS last year will find in their report a cash flow coverage ratio based on planned debt payments for 1990.

CASH FLOW COVERAGE RATIO
Same 54 Northern New York Dairy Farms, 1988 and 1989

Item	Average	My Farm
Cash farm receipts	\$216,690	\$ _____
- Cash farm expenses	165,535	_____
+ Interest paid	14,886	_____
- Net personal withdrawals from farm**	<u>17,743</u>	_____
(A) = Amount Available for Debt Service	\$ 48,298	\$ _____
(B) = Debt Payments Planned for 1989 (as of December 31, 1988)	\$ 31,473	\$ _____
(A + B) = Cash Flow Coverage Ratio for 1989	1.53	_____

**Personal withdrawals and family expenditures less nonfarm income and nonfarm money borrowed. If family withdrawals are excluded, or inaccurately included, the cash flow coverage ratio will be incorrect.

ANNUAL CASH FLOW WORKSHEET

Item	Regional	My Farm		Expected	1989
	Average	Total	Per Cow		
	(per cow)				
Average number of cows	86				
<u>Accrual Oper. Receipts</u>					
Milk	\$ 2,391	\$	\$		\$
Dairy cattle	212				
Dairy calves	39				
Other livestock	1				
Crops	59				
Misc. receipts	63				
Total	\$ 2,766	\$	\$		\$
<u>Accrual Oper. Expenses</u>					
Hired labor	\$ 208	\$	\$		\$
Dairy grain & conc.	655				
Dairy roughage	23				
Nondairy feed	8				
Mach. hire/rent/lease	23				
Mach. rpr./parts & auto	140				
Fuel, oil & grease	54				
Replacement lvstk.	33				
Breeding	30				
Vet & medicine	45				
Milk marketing	51				
Cattle lease	5				
Other livestock exp.	108				
Fertilizer & lime	83				
Seeds & plants	30				
Spray/other crop exp.	32				
Land, bldg., fence repair	51				
Taxes	59				
Real estate rent/lease	34				
Insurance	46				
Utilities	71				
Miscellaneous	28				
Total Less Int. Paid	\$ 1,816				\$
<u>Net Accrual Operating Income</u> (total)					
(without interest paid)	\$ 81,442	\$			\$
- Change in lvstk./crop inv.*	7,730				
- Change in accts. rec.	3,514				
+ Change in feed/supply inv.**	-1,806				
+ Change in accts. payable***	10				
NET CASH FLOW	\$ 68,402	\$			\$
- Net personal withdrawals from farm (see footnote on pg. 12)	19,839				
Available for Farm Debt					
Payments & Investments	\$ 48,563	\$			\$
- Farm debt payments	37,907				
Available for Farm Investment	\$ 10,655	\$			\$
- Capital purchases: cattle, machinery & improvements	\$ 31,499				
Additional Capital Needed		\$			\$

*Includes change in advance government receipts.

**Includes change in prepaid expenses.

***Excludes change in interest account payable.

Cropping Analysis

The cropping program is an important part of the dairy farm business which is often inadequately managed. A complete evaluation of what the available land resources are, how they are being used, how well crops are producing, and what it costs to produce them is required to evaluate alternative cropping and feed purchasing choices.

LAND RESOURCES AND CROP PRODUCTION
76 Northern New York Dairy Farms, 1989

<u>Item</u>	<u>Average</u>			<u>My Farm</u>		
<u>Land</u>	<u>Owned</u>	<u>Rented</u>	<u>Total</u>	<u>Owned</u>	<u>Rented</u>	<u>Total</u>
Tillable	198	81	279	_____	_____	_____
Nontillable	54	8	62	_____	_____	_____
Other nontillable	<u>103</u>	<u>10</u>	<u>113</u>	_____	_____	_____
Total	355	99	454	_____	_____	_____
<u>Crop Yields</u>	<u>Farms</u>	<u>Acres</u>	<u>Prod/Acre</u>	<u>Acres</u>	<u>Prod/Acre</u>	
Hay crop	75	171	2.39 tn DM	_____	_____	tn DM
Corn silage	64	81	14.09 tn	_____	_____	tn
			4.97 tn DM	_____	_____	tn DM
Other forage	13	25	1.53 tn DM	_____	_____	tn DM
Total forage	76	240	3.11 tn DM	_____	_____	tn DM
Corn grain	20	43	98.99 bu	_____	_____	bu
Oats	9	46	54.07 bu	_____	_____	bu
Wheat	1	14	30.00 bu	_____	_____	bu
Other crops	4	13		_____	_____	
Tillable pasture	22	34		_____	_____	
Idle	22	38		_____	_____	
Total Tillable Acres	75	279		_____	_____	

Average crop acres and yields compiled for the region are for the farms reporting each crop. Yields of forage crops have been converted to tons of dry matter using dry matter coefficients reported by the farmers. Grain production has been converted to bushels of dry grain equivalent based on dry matter information provided.

The following measures of crop management indicate the relationship between forage production, forage production resources and the dairy herd.

CROP MANAGEMENT FACTORS
76 Northern New York Dairy Farms, 1989

<u>Item</u>	<u>Average</u>	<u>My Farm</u>
Total tillable acres per cow	3.25	_____
Total forage acres per cow	2.80	_____
Harvested forage dry matter, tons per cow	8.71	_____

Cropping Analysis (continued)

A substantial number of cooperators have allocated crop expenses among the hay crop, corn, and other crops produced. Fertilizer and lime, seeds and plants, and spray and other crop expenses have been computed per acre and per production unit for hay and corn. Additional expense items such as fuels, labor, and machinery repairs are not included.

CROP RELATED ACCRUAL EXPENSES
Northern New York Dairy Farms Reporting, 1989

Item	Total Per Till. Acre	Hay Crop		All Corn Per Acre	Corn Silage Per Ton DM	Corn Grain Per Dry Shell Bu.
		Per Acre	Per Ton DM			
Number of farms reporting	75		43		35	
Average number of acres	279		164		80	
Fertilizer & lime	\$ 25.57	\$ 18.49	\$ 8.15	\$ 57.56	\$ 12.14	\$ 0.64
Seeds & plants	9.22	6.24	2.75	20.07	4.23	0.22
Spray & other crop expense	<u>9.89</u>	<u>5.55</u>	<u>2.44</u>	<u>25.89</u>	<u>5.46</u>	<u>0.29</u>
Total	\$ 44.68	\$ 30.28	\$ 13.35	\$ 103.52	\$ 21.83	\$ 1.16

My Farm:

Fertilizer & lime	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Seeds & plants	_____	_____	_____	_____	_____	_____
Spray & other crop expense	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Most machinery costs are associated with crop production and should be analyzed with the crop enterprise. Total machinery expenses include the major fixed costs (interest and depreciation), as well as the accrual operating costs. Although machinery costs have not been allocated to individual crops, they are shown below per total tillable acre.

ACCRUAL MACHINERY EXPENSES
76 Northern New York Dairy Farms, 1989

Machinery Expense Item	Average		My Farm	
	Total Expenses	Per Till. Acre	Total Expenses	Per Till. Acre
Fuel, oil & grease	\$ 4,661	\$ 16.71	\$ _____	\$ _____
Machinery repairs & parts	11,353	40.72	_____	_____
Machine hire, rent & lease	1,961	7.03	_____	_____
Auto expense (farm share)	618	2.22	_____	_____
Interest (5%)	5,236	18.78	_____	_____
Depreciation	<u>14,291</u>	<u>51.25</u>	_____	_____
Total	\$ 38,119	\$ 136.71	\$ _____	\$ _____

Dairy Analysis

Analysis of the dairy enterprise can tell a great deal about the strengths and weaknesses of the dairy farm business. Information on this page should be used in conjunction with DHI and other dairy production information. Changes in dairy herd size and market values that occur during the year are identified in the table below. The change in inventory value without appreciation is attributed to physical changes in herd size and quality. Any change in inventory is included as an accrual farm receipt when calculating all of the profitability measures on pages 6 and 7.

DAIRY HERD INVENTORY
76 Northern New York Dairy Farms, 1989

Item	Dairy Cows		Heifers					
	No.	Value	Bred		Open		Calves	
	No.	Value	No.	Value	No.	Value	No.	Value
Beg. year (owned)	86	\$ 80,137	24	\$ 17,980	23	\$ 10,078	24	\$ 5,453
+ Change w/o apprec.		1,689		1,519		1,006		-308
+ Appreciation		<u>7,089</u>		<u>2,117</u>		<u>1,140</u>		<u>473</u>
End year (owned)	87	\$ 88,915	26	\$ 21,616	25	\$ 12,224	22	\$ 5,618
End incl. leased	87							
Average number	86		71 (all age groups)					

My Farm:

Beg. of year (owned)	___	\$ ___	___	\$ ___	___	\$ ___	___	\$ ___
+ Change w/o apprec.		___		___		___		___
+ Appreciation		___		___		___		___
End of year (owned)	___	\$ ___	___	\$ ___	___	\$ ___	___	\$ ___
End including leased	___							
Average number	___		___ (all age groups)					

Total milk sold and milk sold per cow are extremely valuable measures of productivity on the dairy farm. These measures of milk output are based on pounds of milk marketed during the year. Farm managers on DHI should compare milk sold per cow with their rolling herd average on the test date nearest December 31 to see how close the DHI estimate of milk produced is to actual milk sales.

MILK PRODUCTION
76 Northern New York Dairy Farms, 1989

Item	Average	My Farm
Total milk sold, lbs.	1,439,270	_____
Milk sold per cow, lbs.	16,790	_____
Average milk plant test, percent butterfat	3.71	_____

The cost of producing milk has been compiled using the whole farm method and is featured in the following table. Accrual receipts from milk sales can be compared with the accrual costs of producing milk per cow and per hundredweight of milk. Using the whole farm method, operating costs of producing milk are estimated by deducting nonmilk accrual receipts from total accrual operating expenses including expansion livestock purchased. Total costs of producing milk include the operating costs of producing milk plus depreciation on machinery and buildings, the value of operators' labor and management, and the interest charge for using equity capital. Note that the cost of labor, management, and equity capital has been excluded in the intermediate calculation.

ACCRUAL RECEIPTS FROM DAIRY AND COST OF PRODUCING MILK
76 Northern New York Dairy Farms, 1989

Item	Average			My Farm		
	Total	Per Cow	Per Cwt.	Total	Per Cow	Per Cwt.
<u>Accrual Costs of Producing Milk</u>						
Operating costs	\$141,564	\$ 1,651	\$ 9.84	\$ _____	\$ _____	\$ _____
Total costs w/o opers' labor, mgmt. & capital	\$164,375	\$ 1,918	\$ 11.42	\$ _____	\$ _____	\$ _____
Total Costs	\$207,289	\$ 2,418	\$ 14.40	\$ _____	\$ _____	\$ _____
<u>Accrual Receipts</u>						
From Milk	\$205,007	\$ 2,391	\$ 14.24	\$ _____	\$ _____	\$ _____

The accrual operating expenses most commonly associated with the dairy enterprise are listed in the table below. Evaluating these costs per unit of production enables an evaluation of the dairy enterprise.

DAIRY RELATED ACCRUAL EXPENSES
76 Northern New York Dairy Farms, 1989

Item	Average		My Farm	
	Per Cow	Per Cwt.	Per Cow	Per Cwt.
Purchased dairy grain & concentrates	\$ 655	\$ 3.90	\$ _____	\$ _____
Purchased dairy roughage	23	0.14	_____	_____
Total Purchased Dairy Feed	\$ 677	\$ 4.03	\$ _____	\$ _____
Purchased grain & conc. as % of milk receipts		27%		_____%
Purchased feed & crop exp.	\$ 823	\$ 4.90	\$ _____	\$ _____
Purchased feed & crop exp. as % of milk receipts		34%		_____%
Breeding	\$ 30	\$ 0.18	\$ _____	\$ _____
Veterinary & medicine	45	0.27	_____	_____
Milk marketing	51	0.31	_____	_____
Cattle lease	5	0.03	_____	_____
Other livestock expense	108	0.64	_____	_____

Capital and Labor Efficiency Analysis

Capital efficiency factors measure how intensively the capital is being used in the farm business. Measures of labor efficiency are key indicators of management's success in generating products per unit of labor input.

CAPITAL EFFICIENCY
76 Northern New York Dairy Farms, 1989

Item	Per Worker	Per Cow	Per Tillable Acre	Per Tillable Acre Owned
Farm capital	\$176,453	\$ 5,920	\$ 1,820	\$ 2,563
Real estate		2,505		1,084
Machinery & equipment	36,630	1,229	378	
Capital turnover, years	1.96			
<u>My Farm:</u>				
Farm capital	\$ _____	\$ _____	\$ _____	\$ _____
Real estate	_____	_____	_____	_____
Machinery & equipment	_____	_____	_____	_____
Capital turnover, years	_____			

LABOR FORCE INVENTORY AND ANALYSIS
76 Northern New York Dairy Farms, 1989

Labor Force	Months	Age	Years of Educ.	Value of Labor & Mgmt.
Operator number 1	12	43	14	\$ 20,204
Operator number 2	4	37	13	4,966
Operator number 3	1	31	12	1,132
Family paid	4			
Family unpaid	3			
Hired	<u>11</u>			
Total	35	+ 12 =	2.88 Worker Equivalent	1.35 Operator/Manager Equiv.
<u>My Farm: Total</u>				
Operator's	_____	+ 12 =	_____ Worker Equivalent	_____ Operator/Manager Equiv.

Labor Efficiency	Average		My Farm	
	Total	Per Worker	Total	Per Worker
Cows, average number	86	30	_____	_____
Milk sold, pounds	1,439,270	500,425	_____	_____
Tillable acres	279	97	_____	_____
Work units	913	318	_____	_____

Labor Costs	Total	Average		My Farm		
		Per Cow	Per Til. Acre	Total	Per Cow	Per Til. Acre
Value of operator(s)						
labor (\$1,050/mo.)	\$ 17,062	\$ 199	\$61.19	\$ _____	\$ _____	\$ _____
Family unpd. (\$750/mo.)	2,516	29	9.03	_____	_____	_____
Hired	<u>17,817</u>	<u>208</u>	<u>63.90</u>	_____	_____	_____
Total Labor	\$ 37,396	\$ 436	\$134.12	\$ _____	\$ _____	\$ _____
Machinery Cost	\$ 38,119	\$ 445	\$136.71	\$ _____	\$ _____	\$ _____
Total Labor & Mach.	\$ 75,515	\$ 881	\$270.83	\$ _____	\$ _____	\$ _____

COMPARATIVE ANALYSIS OF THE FARM BUSINESS

Progress of the Farm Business

Comparing your business with average data from regional DFBS cooperators that participated in both of the last two years is one part of a business checkup. It is equally important for you to determine the progress your business has made over the past two or three years and to set targets or goals for the future.

PROGRESS OF THE FARM BUSINESS

Same 54 Northern New York Dairy Farms, 1988 and 1989

Selected Factors	Average of 54 Farms*		My Farm		Goal
	1988	1989	1988	1989	
<u>Size of Business</u>					
Average number of cows	82	82	_____	_____	_____
Average number of heifers	67	67	_____	_____	_____
Milk sold, lbs.	1,355,032	1,375,083	_____	_____	_____
Worker equivalent	2.66	2.67	_____	_____	_____
Total tillable acres	256	260	_____	_____	_____
<u>Rates of Production</u>					
Milk sold per cow, lbs.	16,619	16,762	_____	_____	_____
Hay DM per acre, tons	2.28	2.36	_____	_____	_____
Corn silage per acre, tons	14	15	_____	_____	_____
<u>Labor Efficiency</u>					
Cows per worker	31	31	_____	_____	_____
Milk sold/worker, lbs.	509,908	515,060	_____	_____	_____
<u>Cost Control</u>					
Grain & conc. purchased as % of milk sales	27%	27%	_____ %	_____ %	_____ %
Dairy feed & crop exp. per cwt. milk	\$ 4.37	\$ 4.80	\$ _____	\$ _____	\$ _____
Labor & mach. costs/cow	\$ 825	\$ 877	\$ _____	\$ _____	\$ _____
<u>Capital Efficiency**</u>					
Farm capital per cow	\$ 5,536	\$ 6,054	\$ _____	\$ _____	\$ _____
Mach. & equip. per cow	\$ 1,134	\$ 1,241	\$ _____	\$ _____	\$ _____
Capital turnover, years	2.17	2.02	_____	_____	_____
<u>Profitability</u>					
Net farm inc. w/o apprec.	\$ 26,046	\$ 40,423	\$ _____	\$ _____	\$ _____
Net farm inc. w/apprec.	\$ 39,592	\$ 61,022	\$ _____	\$ _____	\$ _____
Labor & mgt. income per oper./manager	\$ 7,665	\$ 17,711	\$ _____	\$ _____	\$ _____
Rate of return on eq. capital w/apprec.	4.20%	10.30%	_____ %	_____ %	_____ %
Rate of return on all capital w/apprec.	4.95%	9.85%	_____ %	_____ %	_____ %
<u>Financial Summary</u>					
Farm net worth, end year	\$296,863	\$351,473	\$ _____	\$ _____	\$ _____
Debt to asset ratio	0.36	0.32	_____	_____	_____
Farm debt per cow	\$ 1,989	\$ 1,950	\$ _____	\$ _____	\$ _____

*Farms participating both years.

**Average for the year.

Farm Business Charts

The Farm Business Chart is a tool which can be used in analyzing a business by drawing a line through the figure in each column which represents the current level of management performance. The figure at the top of each column is the average of the top 10 percent of the 406 farms for that factor. The other figures in each column are the average for the second 10 percent, third 10 percent, etc. Each column of the chart is independent of the others. The farms which are in the top 10 percent for one factor would not necessarily be the same farms which make up the top 10 percent for any other factor.

The cost control factors are ranked from low to high, but the lowest cost is not necessarily the most profitable. In some cases, the "best" management position is somewhere near the middle or average. Many things affect the level of costs, and must be taken into account when analyzing the factors.

References to DFBS output page numbers for participating dairy farmers are provided in the table headings.

FARM BUSINESS CHART FOR FARM MANAGEMENT COOPERATORS 406 New York Dairy Farms, 1988

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv- alent (DFBS pg. 10)	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
7.6	302	5,478,274	20,561	4.2	21	50	832,165
4.5	150	2,555,561	18,872	3.5	18	40	666,980
3.6	118	1,965,272	18,058	3.1	16	36	603,280
3.2	99	1,667,766	17,409	2.9	15	33	561,713
2.9	84	1,377,121	16,886	2.6	15	31	514,877
2.6	72	1,156,002	16,298	2.4	14	29	467,076
2.3	62	1,000,552	15,785	2.2	13	27	432,494
2.1	55	857,485	15,024	2.0	12	25	397,092
1.9	47	716,763	14,142	1.7	11	22	347,768
1.3	36	542,182	11,650	1.2	8	17	266,376

Cost Control

Grain Bought Per Cow	% Feed is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(9)	(9)	(10)	(10)	(9)	(9)
\$286	14%	\$219	\$ 500	\$ 449	\$3.00
401	20	282	618	564	3.64
463	23	324	682	623	3.93
522	26	358	726	678	4.22
572	27	387	763	735	4.49
615	29	415	805	785	4.71
655	31	442	854	824	4.94
700	32	480	919	874	5.19
767	35	539	1,000	939	5.54
886	39	664	1,142	1,086	6.47

The next section of the Farm Business Chart provides for comparative analysis of the value and costs of dairy production.

The profitability section shows the variation in farm income by decile and enables a dairy farmer to determine where he or she ranks by using several measures of farm profitability. Remember that each column is independently established and the farms making up the top decile in the first column will not necessarily be on the top of any other column. The dairy farmer who ranks at or near the top of most of these columns is in a very enviable position.

FARM BUSINESS CHART FOR FARM
MANAGEMENT COOPERATORS
406 New York Dairy Farms, 1988

Dairy Receipts Per Cow	Dairy Receipts Per Cwt.	Oper. Cost Milk Per Cow	Oper. Cost Milk Per Cwt.	Total Cost Production Per Cow	Total Cost Production Per Cwt.
(9)	(9)	(9)	(9)	(9)	(9)
\$2,974	\$16.53	\$ 878	\$ 5.97	\$1,697	\$11.22
2,723	15.33	1,170	7.50	1,980	12.42
2,594	14.89	1,309	8.18	2,092	13.03
2,496	14.62	1,409	8.72	2,206	13.45
2,413	14.37	1,506	9.19	2,303	13.85

2,339	14.17	1,588	9.62	2,383	14.45
2,251	13.98	1,671	10.06	2,489	14.93
2,149	13.72	1,775	10.51	2,613	15.68
1,984	13.30	1,923	11.11	2,749	16.59
1,663	12.65	2,122	12.96	3,085	19.26

Profitability

Net Farm Income		Return to Operator's Labor, Management, & Equity Capital		Labor & Management Income	
With Appreciation	Without Appreciation	With Appreciation	Without Appreciation	Per Farm	Per Operator
(3)	(3)	(3)	(3)	(3)	(3)
\$191,562	\$152,016	\$190,109	\$150,408	\$100,436	\$82,939
91,674	64,178	89,579	62,028	36,434	27,820
71,488	47,392	69,860	45,854	25,726	19,437
59,330	39,075	57,028	37,325	19,032	14,022
48,938	32,619	47,001	30,813	13,156	10,174

40,055	25,596	38,398	24,169	7,890	6,156
32,386	20,332	30,714	17,339	2,740	2,308
24,193	13,859	21,562	11,857	-4,487	-3,781
16,077	6,208	13,720	3,924	-11,265	-9,151
-5	-11,890	-1,766	-13,815	-33,523	-34,040

Farm Business Charts for farms with freestall barns and 120 cows or less and more than 120 cows, and farms with conventional barns with 60 cows or less and more than 60 cows are discussed in the section on pages 23-28.

Financial Analysis Chart

The farm financial analysis chart is designed just like the Farm Business Chart and may be used to measure the financial health of the farm business. Most of the financial measures used in the chart are defined on pages 7, 10, 12, and 18 of this publication. References to DFBS output page numbers for participating dairy farmers are provided in the table headings.

FINANCIAL ANALYSIS CHART 406 New York Dairy Farms, 1988

<u>Liquidity (repayment)</u>					
Debt Payments Made Per Cow (DFBS pg. 7)	Debt Payments as Percent of Milk Receipts (7)	Cash Flow Coverage Ratio (7)	Available for Debt Service Per Cow (11)	Debt Per Cow (5)	
\$ 61	3%	5.65	\$845	\$ 112	
203	9	1.84	660	660	
293	14	1.42	572	1,196	
373	18	1.21	510	1,585	
435	20	1.09	462	1,941	
494	23	0.96	415	2,264	
563	27	0.83	361	2,630	
639	31	0.68	300	2,995	
742	36	0.52	222	3,465	
1,161	59	-0.29	-23	4,687	

<u>Solvency</u>			<u>Efficiency & Profitability</u>		
Percent Equity (DFBS pg. 5)	<u>Debt/Asset Ratio</u>		Total Farm Cap. Per Cow (10)	Capital Turnover (years) (10)	Rate of Return on Equity Cap. (3)
	Current & Intermediate (5)	Long Term (5)			
98%	0.01	0.00	\$4,110	1.51	25%
90	0.04	0.01	4,849	1.81	13
82	0.10	0.12	5,231	1.98	10
75	0.17	0.24	5,620	2.13	8
69	0.23	0.33	5,989	2.29	6
65	0.29	0.45	6,334	2.43	4
58	0.36	0.54	6,806	2.56	2
52	0.41	0.63	7,358	2.73	0
43	0.50	0.77	8,214	3.05	-4
28	0.73	1.20	10,357	3.91	-16

Summarize Your Business Performance

The Farm Business and Financial Analysis Charts can be used to help identify strengths and weaknesses of your farm business. Identify three major strengths and three areas of your farm business that need improvement.

Strengths: _____

Need Improvement: _____

Comparisons by Type of Barn and Herd Size

When analyzing a dairy farm business by comparing it to a group of farms, it is important that the group of farms used has as many of the same physical characteristics as possible as the farm being analyzed. To assist in this endeavor, dairy farms in the 1988 State Summary¹ have been divided into those with freestall and those with conventional housing. Within each group is a further classification by size of the dairy herd.

The table on page 24 shows the average values for the resulting four groups of dairy farms. Within each housing type, the larger herd size has the highest crop yields and pounds of milk sold per cow. The total cost of producing milk was lower on the larger farms and labor efficiency greater. Profitability was also greater on the larger farms within each housing type.

Farm business charts have been computed for each of the four housing and herd size categories. References to DFBS output page numbers for participating dairy farmers are provided in the table headings. From these charts on pages 25-28 the range in size of business, rates of production, labor efficiency, value and cost of producing milk, and profitability can be observed. The range in every category of business performance is tremendous.

By comparing the farm's performance on the most appropriate business chart, a farm manager will be better able to evaluate his or her business performance. Farm managers should remember, however, that their competition is not limited to the other farms in their own barn type and herd size category. They should observe how their management performance compares with farms in other categories as well.

Herd Size Comparisons

A detailed comparison of profitability, financial situation, and business analysis factors across herd sizes is contained on pages 29-36. As herd size increases, the average profitability also increases (pages 29-30). Net farm income without appreciation was \$233,809 per farm for the 300 or more herd size group and \$12,875 per farm for those with less than 40 cows. This relationship holds for all measures of profitability including rate of return on equity capital.

As herd size increases, percent equity generally decreases (pages 31-34). However, farm net worth increases substantially as herd size increases. The average net worth for all size farms increased during 1988.

Crop yields generally increased as herd size increased, but fertilizer and lime expenses and machinery cost per tillable acre also increased (pages 35-36). Milk sold per cow generally increased as herd size increased, ranging from 15,833 pounds on the farms with 40 to 54 cows to 19,113 pounds on farms with 300 or more cows. Farm capital per worker increased as herd size increased, while farm capital per cow decreased as herd size increased. Cows per worker increased dramatically as herd size increased, ranging from 20 at the lowest herd size category up to 45 at the largest size category.

¹Smith, Stuart F., Wayne A. Knoblauch, and Linda D. Putnam, Dairy Farm Management Business Summary, New York, 1988, Department of Agricultural Economics, Cornell University, A.E. Res. 89-12, August 1989.

SELECTED BUSINESS FACTORS BY TYPE OF BARN
AND HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with:		Freestall	
	Conventional	Freestall	≤120 Cows	>120 Cows
	≤60 Cows	>60 Cows		
Number of farms	117	139	65	85
<u>Cropping Program Analysis</u>				
Total Tillable acres	149	292	259	560
Tillable acres rented*	45	98	85	209
Hay crop acres*	96	168	133	237
Corn silage acres*	28	55	59	181
Hay crop, tons DM/acre	2.2	2.5	2.5	2.9
Corn silage, tons/acre	12.8	14.0	14.7	14.3
Oats, bushels/acre	39.4	48.7	40.9	45.3
Forage DM per cow, tons	7.3	7.8	7.5	7.2
Tillable acres/cow	3.2	3.4	3.1	2.6
Fert. & lime exp./til. acre	\$21.87	\$24.92	\$29.68	\$34.57
Total machinery costs	\$18,754	\$35,266	\$37,311	\$82,010
Machinery cost/tillable acre	\$126	\$121	\$144	\$146
<u>Dairy Analysis</u>				
Number of cows	46	87	84	217
Number of heifers	35	72	69	171
Milk sold, lbs.	745,373	1,428,224	1,381,093	3,797,957
Milk sold/cow, lbs.	16,150	16,485	16,496	17,468
Operating cost of prod. milk/cwt.	\$9.49	\$9.25	\$9.36	\$9.64
Total cost of prod. milk/cwt.	\$15.35	\$13.97	\$14.14	\$12.88
Price/cwt. milk sold	\$12.90	\$12.88	\$13.03	\$13.15
Purchased dairy feed/cow	\$620	\$587	\$608	\$660
Purchased dairy feed/cwt. milk	\$3.84	\$3.56	\$3.68	\$3.78
Purc. grain & conc. as % milk rec.	28%	27%	27%	28%
Purc. feed & crop exp./cwt. milk	\$4.59	\$4.47	\$4.67	\$4.70
<u>Capital Efficiency</u>				
Farm capital/worker	\$165,397	\$190,032	\$191,181	\$220,397
Farm capital/cow	\$6,874	\$6,367	\$6,391	\$5,688
Farm capital/til. acre owned	\$3,050	\$2,829	\$3,075	\$3,523
Real estate/cow	\$3,637	\$3,056	\$2,944	\$2,574
Machinery investment/cow	\$1,242	\$1,186	\$1,264	\$915
Capital turnover, years	2.58	2.38	2.33	1.97
<u>Labor Efficiency</u>				
Worker equivalent	1.92	2.90	2.80	5.61
Operator/manager equivalent	1.17	1.44	1.40	1.43
Milk sold/worker, lbs.	388,601	492,003	493,473	676,903
Cows/worker	24	30	30	39
Work units/worker	252	325	322	395
Labor cost/cow	\$427	\$390	\$388	\$431
Labor cost/tillable acre	\$132	\$115	\$126	\$167
<u>Profitability & Balance Sheet Analysis</u>				
Net farm income (w/o apprec.)	\$15,113	\$32,593	\$31,035	\$86,118
Labor & mgmt. income/operator	\$2,387	\$8,213	\$8,928	\$31,202
Farm debt/cow	\$2,424	\$1,935	\$2,265	\$2,018
Percent equity	65%	70%	65%	65%

*Average of all farms, not only those reporting data.

FARM BUSINESS CHART FOR SMALL CONVENTIONAL STALL DAIRY FARM
117 Conventional Stall Dairy Farms with 60 or Less Cows, New York, 1988

Size of Business			Rates of Production			Labor Efficiency	
Worker Equivalent (DFBS pg. 10)	No. of Cows	Pounds of Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(10)	(10)	(10)	(9)	(8)	(8)	(10)	(10)
3.0	58	1,069,621	20,399	3.8	20	40	672,046
2.4	56	952,284	18,512	3.1	18	33	562,928
2.2	54	883,230	17,716	2.8	17	29	469,994
2.1	51	828,725	17,216	2.6	15	27	433,894
2.0	49	760,558	16,604	2.4	14	25	414,271

2.0	46	716,896	16,054	2.3	13	24	385,463
1.7	43	676,549	15,273	2.0	12	23	353,856
1.5	40	628,044	14,721	1.9	10	21	330,435
1.3	37	566,471	13,809	1.7	10	19	292,749
1.0	29	427,103	11,901	1.2	7	15	226,460

Cost Control

Grain Bought Per Cow	% Feed is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(9)	(9)	(10)	(10)	(9)	(9)
\$318	23%	\$197	\$ 554	\$ 455	\$3.02
418	28	250	692	550	3.57
466	31	315	755	600	3.93
518	33	364	804	644	4.22
554	35	392	841	713	4.47

593	36	426	899	759	4.68
641	38	451	941	812	4.90
710	40	488	1,013	872	5.18
781	44	538	1,069	952	5.58
896	50	647	1,192	1,092	6.70

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Oper. Cost Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income		Labor & Mgmt. Income	
(9)	(9)	(9)	With Apprec.	Without Apprec.	Per Farm	Per Oper.
(9)	(9)	(9)	(3)	(3)	(3)	(3)
\$2,631	\$ 6.23	\$12.22	\$66,048	\$40,605	\$26,515	\$25,175
2,411	7.69	13.25	45,717	31,042	18,240	15,171
2,289	8.23	14.00	38,199	24,592	12,447	10,259
2,200	8.68	14.57	31,413	20,824	8,024	6,890
2,122	9.22	15.09	27,367	16,987	5,314	4,522

2,064	9.64	15.62	22,397	13,416	2,240	2,113
1,975	10.09	16.24	19,247	9,008	-1,921	-1,703
1,886	10.53	16.70	16,846	6,522	-5,605	-5,125
1,756	11.26	17.41	10,388	2,017	-9,948	-8,298
1,545	13.48	21.06	-402	-9,679	-24,960	-21,802

FARM BUSINESS CHART FOR LARGE CONVENTIONAL STALL DAIRY FARMS
139 Conventional Stall Dairy Farms with More Than 60 Cows, New York, 1988

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv- alent (DFBS Pg. 10)	No. of Cows (10)	Pounds Milk Sold (10)	Pounds Milk Sold Per Cow (9)	Tons Hay Crop DM/Acre (8)	Tons Corn Silage Per Acre (8)	Cows Per Worker (10)	Pounds Milk Sold Per Worker (10)
4.7	141	2,455,689	19,800	4.1	21	47	755,830
3.7	112	1,887,601	18,638	3.5	17	38	651,861
3.3	98	1,724,659	18,106	3.1	16	35	591,353
3.1	93	1,531,719	17,463	2.8	15	33	541,449
2.9	83	1,396,207	16,959	2.6	15	31	510,816

2.6	78	1,286,389	16,331	2.4	14	29	476,869
2.5	73	1,172,462	15,846	2.2	13	28	445,549
2.4	67	1,086,160	15,340	2.0	12	26	410,818
2.1	64	992,080	14,294	1.7	11	23	373,760
1.8	61	822,664	11,490	1.2	8	19	293,815

Cost Control

Grain Bought Per Cow (9)	% Feed is of Milk Receipts (9)	Machinery Costs Per Cow (10)	Labor & Machinery Costs Per Cow (10)	Feed & Crop Expenses Per Cow (9)	Feed & Crop Expenses Per Cwt. Milk (9)
\$272	24%	\$221	\$526	\$429	\$3.01
371	28	285	647	541	3.57
433	30	327	698	607	3.82
502	32	358	750	658	4.02
565	33	391	787	701	4.27

605	35	418	838	751	4.53
648	37	441	879	801	4.77
700	39	475	939	847	5.03
757	41	519	1,035	915	5.36
883	48	660	1,173	1,068	6.14

Value and Cost of Production			Profitability			
Milk Receipts Per Cow (9)	Oper. Cost Milk Per Cwt. (9)	Total Cost Production Per Cwt. (9)	Net Farm Income		Labor & Mgmt. Income	
			With Apprec. (3)	Without Apprec. (3)	Per Farm (3)	Per Oper. (3)
\$2,590	\$ 6.33	\$11.06	\$113,623	\$69,808	\$45,158	\$40,726
2,425	7.33	12.27	79,373	54,563	33,225	23,975
2,339	7.95	12.97	67,707	46,491	26,185	19,075
2,256	8.42	13.28	59,750	41,639	20,956	15,497
2,174	8.91	13.58	51,694	35,314	16,765	11,634

2,120	9.27	14.05	46,333	31,497	11,988	8,446
2,024	9.76	14.55	40,463	26,457	6,807	4,985
1,940	10.27	15.13	34,299	21,668	-1,047	-585
1,820	10.94	16.09	24,116	11,595	-9,842	-7,205
1,480	12.89	18.79	2,703	-10,487	-30,954	-21,750

FARM BUSINESS CHART FOR SMALL FREESTALL DAIRY FARMS
65 Freestall Barn Dairy Farms with 120 or Less Cows, New York, 1988

Size of Business			Rates of Production			Labor Efficiency	
Worker Equivalent	No. of Cows	Pounds of Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(DFBS pg. 10)	(10)	(10)	(9)	(8)	(8)	(10)	(10)
4.2	115	2,135,755	20,957	3.9	21	46	738,383
3.5	108	1,909,121	19,580	3.4	20	39	637,748
3.3	105	1,771,060	18,347	3.1	18	36	582,787
3.1	100	1,688,234	17,512	2.9	16	34	559,711
3.0	92	1,505,063	16,867	2.8	15	31	525,414

2.8	84	1,365,945	16,271	2.5	15	29	474,472
2.6	78	1,191,775	15,778	2.3	14	28	455,536
2.3	70	1,061,328	14,891	2.0	12	27	429,339
2.1	59	872,566	13,601	1.6	11	25	376,468
1.6	42	610,624	11,393	1.1	8	18	277,940

Cost Control

Grain Bought Per Cow	% Feed is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(9)	(9)	(10)	(10)	(9)	(9)
\$258	23%	\$234	\$ 530	\$ 480	\$2.91
416	28	302	662	587	3.65
454	31	346	719	629	3.98
511	35	369	767	685	4.47
583	37	396	807	761	4.78

635	38	439	852	800	5.00
672	40	510	900	839	5.28
712	41	561	1,036	896	5.51
781	44	603	1,153	995	5.89
883	53	767	1,344	1,152	6.95

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Oper. Cost Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income		Labor & Mgmt. Income	
(9)	(9)	(9)	With Apprec.	Without Apprec.	Per Farm	Per Oper.
(9)	(9)	(9)	(3)	(3)	(3)	(3)
\$2,677	\$ 5.99	\$11.76	\$122,057	\$80,538	\$50,935	\$41,222
2,502	7.65	12.36	86,612	59,942	36,940	28,176
2,361	8.34	13.01	72,241	46,332	27,220	20,081
2,269	8.71	13.42	60,248	40,507	22,245	14,792
2,175	9.29	14.01	51,410	36,770	16,212	11,783

2,106	9.77	14.68	43,786	28,683	12,431	9,286
2,060	10.07	15.56	33,786	21,707	7,906	5,326
1,965	10.61	16.33	22,275	15,781	-1,726	-1,838
1,792	11.56	17.14	11,783	9,142	-10,710	-7,666
1,567	13.45	18.97	226	-13,498	-24,719	-22,741

FARM BUSINESS CHART FOR LARGE FREESTALL DAIRY FARMS
85 Freestall Barn Dairy Farms with More Than 120 Cows, New York, 1988

Size of Business			Rates of Production			Labor Efficiency	
Worker Equivalent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(DFBS pg. 10)	(10)	(10)	(9)	(8)	(8)	(10)	(10)
12.1	532	10,258,979	21,283	4.8	19	60	1,027,141
7.7	309	5,748,053	19,739	4.1	18	47	839,146
6.5	253	4,450,040	18,818	3.8	17	44	742,700
6.0	224	3,683,829	17,827	3.4	16	41	685,010
5.4	194	3,237,071	17,274	3.1	15	39	648,889

4.8	173	2,920,311	16,940	2.9	14	37	613,465
4.2	153	2,550,953	16,266	2.6	13	34	579,478
3.9	136	2,313,893	15,745	2.4	12	33	555,146
3.6	127	2,088,296	14,707	2.1	11	31	510,554
2.9	121	1,660,164	12,411	1.5	10	27	423,675

Cost Control

Grain Bought Per Cow	% Feed is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(9)	(9)	(10)	(10)	(9)	(9)
\$316	24%	\$263	\$ 543	\$ 487	\$3.17
454	30	295	642	644	3.97
527	32	320	726	737	4.32
587	34	349	756	775	4.53
623	36	382	784	811	4.71

653	37	407	831	839	4.91
675	39	423	900	869	5.13
702	41	453	947	912	5.30
776	42	507	989	949	5.60
897	47	617	1,093	1,057	6.31

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Oper. Cost Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income		Labor & Mgmt. Income	
(9)	(9)	(9)	With Apprec.	Without Apprec.	Per Farm	Per Oper.
(9)	(9)	(9)	(3)	(3)	(3)	(3)
\$2,767	\$ 5.23	\$10.40	\$367,659	\$308,013	\$225,699	\$195,726
2,585	7.66	11.77	223,987	166,492	115,331	74,508
2,466	8.92	12.33	158,470	114,554	69,277	48,997
2,365	9.39	12.87	123,985	87,002	50,003	37,563
2,293	9.85	13.20	105,605	71,945	39,841	24,763

2,232	10.29	13.63	90,906	62,101	27,489	18,851
2,145	10.51	13.88	74,583	44,749	15,425	12,052
2,045	10.77	14.36	63,368	33,199	-177	133
1,949	11.11	14.85	41,941	20,940	-15,048	-12,035
1,650	12.23	16.60	12,620	-12,543	-50,857	-43,219

FARM BUSINESS SUMMARY BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farm Size:	Less than 40 Cows	40 to 54 Cows	55 to 69 Cows	70 to 84 Cows	85 to 99 Cows
Number of farms		29	67	81	53	36
<u>ACCRUAL EXPENSES</u>						
Hired labor		\$ 2,392	\$ 4,607	\$ 9,317	\$ 14,404	\$ 19,414
Dairy grain & concentrate		18,877	27,003	34,299	43,702	56,902
Dairy roughage		2,095	1,749	916	1,524	580
Nondairy feed		348	144	263	685	63
Machine hire/rent/lease		915	1,517	1,421	1,436	1,229
Machine repairs/parts		3,293	4,837	7,323	8,357	13,107
Auto expense (farm share)		469	415	687	665	781
Fuel, oil & grease		1,554	2,208	3,423	4,240	5,632
Replacement livestock		1,926	1,023	1,516	1,318	1,523
Breeding		1,104	1,568	2,064	2,436	3,102
Veterinary & medicine		1,269	1,675	2,645	3,397	4,035
Milk marketing		3,505	4,900	5,727	7,365	7,354
Cattle lease/rent		10	52	0	352	14
Other livestock expense		2,963	4,874	5,534	6,974	9,024
Fertilizer & lime		1,698	3,465	5,162	6,944	8,272
Seeds & plants		732	1,340	1,961	2,953	3,680
Spray & other crop expense		718	1,021	1,713	2,178	3,045
Land/building/fence repair		1,398	1,478	2,359	2,200	3,661
Taxes & rent		2,979	5,209	6,374	7,877	8,324
Telephone & electricity		2,877	3,635	4,572	5,304	5,994
Interest paid		6,223	9,444	10,280	12,466	15,535
Misc. (including insurance)		<u>2,576</u>	<u>3,135</u>	<u>4,550</u>	<u>5,601</u>	<u>6,315</u>
Total Operating Expenses		\$59,921	\$ 85,299	\$112,106	\$142,378	\$177,586
Expansion livestock		672	337	176	537	1,253
Machinery depreciation		4,924	6,528	9,639	11,715	15,214
Building depreciation		<u>2,415</u>	<u>3,573</u>	<u>4,964</u>	<u>5,960</u>	<u>6,460</u>
Total Accrual Expenses		\$67,932	\$ 95,737	\$126,885	\$160,590	\$200,513
<u>ACCRUAL RECEIPTS</u>						
Milk sales		\$69,058	\$ 96,366	\$126,139	\$162,315	\$206,315
Dairy cattle		6,296	7,934	10,340	15,094	18,421
Dairy calves		1,809	2,074	2,580	2,899	3,494
Other livestock		479	131	115	369	318
Crops		1,936	977	2,558	4,576	4,331
Misc. receipts		<u>1,230</u>	<u>3,258</u>	<u>4,976</u>	<u>5,572</u>	<u>6,316</u>
Total Accrual Receipts		\$80,807	\$110,742	\$146,708	\$190,826	\$239,195
<u>PROFITABILITY ANALYSIS</u>						
Net farm income (w/o apprec.)		\$12,875	\$15,005	\$19,823	\$30,236	\$38,682
Net farm income (w/apprec.)		\$20,258	\$28,129	\$33,894	\$45,986	\$61,521
Labor & mgmt. income		\$2,331	\$3,228	\$3,284	\$11,721	\$17,960
Number of operators		1.10	1.16	1.36	1.41	1.31
Labor & mgmt. inc./oper.		\$2,119	\$2,782	\$2,415	\$8,313	\$13,710
Rates of return on:						
Equity capital w/o apprec.		-4.3%	-4.0%	-2.6%	0.5%	2.9%
Equity capital w/apprec.		0.0%	2.8%	2.2%	5.2%	9.1%
All capital w/o apprec.		-0.4%	0.5%	0.6%	2.9%	4.7%
All capital w/apprec.		2.5%	4.7%	3.9%	6.1%	8.9%

FARM BUSINESS SUMMARY BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farm Size:	100 to 149 Cows	150 to 199 Cows	200 to 299 Cows	300 or More Cows
Number of farms		81	25	21	13
<u>ACCRUAL EXPENSES</u>					
Hired labor		\$ 25,129	\$ 52,976	\$ 79,337	\$ 200,247
Dairy grain & concentrate		68,636	107,553	153,329	323,183
Dairy roughage		1,652	1,725	3,503	11,127
Nondairy feed		301	0	374	2,971
Machine hire/rent/lease		3,137	2,027	3,590	6,976
Machine repairs/parts		14,690	24,337	32,025	44,595
Auto expense (farm share)		606	548	1,040	949
Fuel, oil & grease		7,046	11,674	14,884	22,566
Replacement livestock		1,505	180	12,690	2,072
Breeding		3,404	5,874	6,885	13,345
Veterinary & medicine		4,970	8,862	12,037	29,107
Milk marketing		11,218	16,822	17,375	28,057
Cattle lease/rent		112	864	0	1,700
Other livestock expense		10,996	14,902	21,193	44,593
Fertilizer & lime		10,849	15,467	24,072	30,893
Seeds & plants		4,544	6,168	9,696	12,581
Spray & other crop expense		4,179	5,727	9,390	16,835
Land/building/fence repair		3,965	7,811	10,295	18,413
Taxes & rent		12,154	17,290	16,508	36,340
Telephone & electricity		7,515	10,434	13,990	22,305
Interest paid		20,245	30,488	38,183	82,861
Misc. (including insurance)		<u>7,728</u>	<u>11,427</u>	<u>15,598</u>	<u>27,380</u>
Total Operating Expenses		\$224,581	\$353,156	\$505,994	\$ 979,096
Expansion livestock		1,445	2,175	3,046	42,433
Machinery depreciation		16,826	23,211	33,872	51,018
Building depreciation		<u>8,646</u>	<u>13,367</u>	<u>19,946</u>	<u>47,793</u>
Total Accrual Expenses		\$251,498	\$391,909	\$562,858	\$1,120,340
<u>ACCRUAL RECEIPTS</u>					
Milk sales		\$256,607	\$376,291	\$530,450	\$1,148,224
Dairy cattle		19,533	33,320	50,614	122,913
Dairy calves		4,526	6,676	10,489	20,435
Other livestock		556	472	2,292	2,655
Crops		6,714	9,520	11,087	26,097
Misc. receipts		<u>10,966</u>	<u>18,255</u>	<u>27,459</u>	<u>33,826</u>
Total Accrual Receipts		\$298,902	\$444,533	\$632,391	\$1,354,149
<u>PROFITABILITY ANALYSIS</u>					
Net farm income (w/o apprec.)		\$47,404	\$52,624	\$69,533	\$233,809
Net farm income (w/apprec.)		\$71,193	\$100,639	\$98,371	\$280,953
Labor & mgmt. income		\$20,551	\$16,348	\$25,100	\$162,342
Number of operators		1.48	1.56	1.42	1.47
Labor & mgmt. inc./oper.		\$13,886	\$10,480	\$17,676	\$110,437
Rate of return on:					
Equity capital w/o apprec.		2.8%	2.5%	3.9%	13.4%
Equity capital w/apprec.		7.6%	9.4%	7.2%	16.8%
All capital w/o apprec.		4.6%	4.6%	5.4%	11.3%
All capital w/apprec.		7.9%	9.2%	7.6%	13.3%

FARM FAMILY FINANCIAL SITUATION BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with: <u>Less than 40 Cows</u>		<u>40 to 54 Cows</u>		<u>55 to 69 Cows</u>	
	Jan. 1	Dec. 31	Jan. 1	Dec. 31	Jan. 1	Dec. 31
ASSETS						
Farm cash/chkg./sav.	\$ 4,457	\$ 3,074	\$ 2,714	\$ 2,675	\$ 3,845	\$ 4,036
Accounts receivable	5,424	6,196	8,003	9,132	10,443	11,770
Prepaid expenses	0	15	0	0	74	52
Feed & supplies	11,232	13,321	16,895	17,800	26,495	28,566
Livestock*	42,673	45,140	56,489	60,707	79,513	83,341
Machinery & equipment*	43,066	46,651	54,871	57,184	77,112	79,800
FLB & PCA stock	935	912	1,403	1,289	2,559	2,629
Other stock & cert.	1,333	1,131	2,194	2,311	3,363	3,660
Land & buildings*	<u>133,717</u>	<u>139,670</u>	<u>163,123</u>	<u>169,451</u>	<u>213,256</u>	<u>223,496</u>
Total Farm Assets	\$242,837	\$256,110	\$305,692	\$320,550	\$416,659	\$437,350
Pers. cash/chkg./sav.	\$ 1,701	\$ 2,830	\$ 2,898	\$ 3,147	\$ 8,002	\$ 9,051
Cash value of life ins.	1,045	1,171	2,772	3,806	3,668	3,967
Nonfarm real estate	17,714	20,095	29,421	34,017	34,463	37,286
Auto (personal share)	1,386	2,943	2,892	3,659	3,040	3,456
Stocks & bonds	2,509	3,068	1,618	2,885	3,577	3,682
Household furnishings	7,095	7,619	8,468	9,336	7,775	7,790
All other	<u>4,939</u>	<u>4,436</u>	<u>2,587</u>	<u>2,757</u>	<u>1,870</u>	<u>2,462</u>
Tot. Nonfarm Assets**	\$ 36,389	\$ 42,162	\$ 50,657	\$ 59,608	\$ 62,394	\$ 67,694
Total Farm & Nonfarm Assets	\$279,226	\$298,272	\$356,349	\$380,158	\$479,053	\$505,044
LIABILITIES						
Accounts payable	\$ 1,502	\$ 1,478	\$ 4,338	\$ 4,799	\$ 3,275	\$ 3,769
Operating debt	388	451	1,462	1,912	851	1,026
Short term	933	1,648	1,216	1,265	1,481	1,291
Advanced gov't. rec.	0	0	0	0	0	0
Intermediate***	23,857	23,556	38,415	38,787	46,980	47,843
Long term*	<u>54,881</u>	<u>53,469</u>	<u>78,049</u>	<u>74,337</u>	<u>80,272</u>	<u>79,627</u>
Total Farm Liab.	\$ 81,562	\$ 80,602	\$123,480	\$121,099	\$132,859	\$133,556
Tot. Nonfarm Liab.**	<u>805</u>	<u>1,247</u>	<u>2,009</u>	<u>2,308</u>	<u>2,738</u>	<u>6,958</u>
Total Farm & Nonfarm Liabilities	\$ 82,367	\$ 81,849	\$125,489	\$123,407	\$135,597	\$140,514
Farm Net Worth (Equity Capital)	\$161,275	\$175,508	\$182,212	\$199,451	\$283,801	\$303,794
Farm & Nonfarm Net Worth	\$196,859	\$216,423	\$230,860	\$256,751	\$343,456	\$364,530
FINANCIAL MEASURES						
		<u>Less than 40 Cows</u>	<u>40 to 54 Cows</u>	<u>55 to 69 Cows</u>		
Percent equity		69%	62%	69%		
Debt/asset ratio-long term		0.38	0.44	0.36		
Debt/asset ratio-inter. & current		0.23	0.31	0.25		
Change in net worth with apprec.		\$14,232	\$17,238	\$19,993		
Total farm debt per cow		\$2,303	\$2,577	\$2,154		
Debt payments made per cow		\$430	\$445	\$432		
Debt payments as % of milk sales		21%	21%	21%		
Amount avail. for debt service		\$14,628	\$23,140	\$28,374		
Cash flow coverage ratio for 1988		1.08	1.15	1.20		

*Includes discounted lease payments.

**Average of farms reporting nonfarm assets and liabilities for 1988.

***Includes FLB/PCA stock and discounted lease payments for cattle and machinery.

FARM FAMILY FINANCIAL SITUATION BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with:		85 to 99 Cows	
	70 to 84 Cows		Jan. 1	Dec. 31
	Jan. 1	Dec. 31	Jan. 1	Dec. 31
ASSETS				
Farm cash/chkg./savings	\$ 4,510	\$ 5,046	\$ 3,641	\$ 6,787
Accounts receivable	14,084	15,293	16,866	19,378
Prepaid expenses	0	4	0	0
Feed & supplies	34,010	37,259	41,775	46,435
Livestock*	97,948	104,483	115,682	124,050
Machinery & equipment*	92,466	95,936	108,882	112,275
FLB & PCA stock	3,019	3,159	3,693	3,717
Other stock & cert.	4,751	5,093	2,489	3,235
Land & buildings*	<u>232,751</u>	<u>239,667</u>	<u>240,295</u>	<u>255,043</u>
Total Farm Assets	\$483,539	\$505,940	\$533,323	\$570,919
Pers. cash/chkg./savings	\$ 7,611	\$ 7,892	\$ 12,975	\$ 11,777
Cash value of life ins.	4,076	6,006	3,144	3,960
Nonfarm real estate	6,368	6,368	30,100	48,300
Auto (personal share)	3,311	4,115	2,716	2,404
Stocks & bonds	2,287	3,771	6,916	7,214
Household furnishings	8,600	8,776	6,280	6,400
All other	<u>2,392</u>	<u>2,370</u>	<u>4,590</u>	<u>7,585</u>
Total Nonfarm Assets**	\$ 34,644	\$ 39,297	\$ 66,722	\$ 87,641
Total Farm & Nonfarm Assets	\$518,183	\$545,237	\$600,045	\$658,560
LIABILITIES				
Accounts payable	\$ 5,742	\$ 4,956	\$ 5,422	\$ 5,940
Operating debt	1,422	2,410	2,663	4,065
Short term	1,712	2,109	3,093	981
Advanced gov't. rec.	176	0	0	0
Intermediate***	54,621	56,760	75,449	75,857
Long term*	<u>92,638</u>	<u>89,206</u>	<u>101,029</u>	<u>98,083</u>
Total Farm Liab.	\$156,310	\$155,441	\$187,656	\$184,926
Total Nonfarm Liab.**	<u>1,080</u>	<u>1,058</u>	<u>1,128</u>	<u>3,084</u>
Total Farm & Nonfarm Liabilities	\$157,390	\$156,499	\$188,784	\$188,010
Farm Net Worth (Equity Capital)	\$327,229	\$350,500	\$345,667	\$385,993
Farm & Nonfarm Net Worth	\$360,793	\$388,738	\$411,261	\$470,550
FINANCIAL MEASURES				
	70 to 84 Cows		85 to 99 Cows	
Percent equity	69%		68%	
Debt/asset ratio-long term	0.37		0.38	
Debt/asset ratio-inter. & current	0.25		0.27	
Change in net worth with apprec.	\$23,271		\$40,327	
Total farm debt per cow	\$1,968		\$1,926	
Debt payments made per cow	\$470		\$579	
Debt payments as % of milk sales	22%		27%	
Amount avail. for debt service	\$32,687		\$43,561	
Cash flow coverage ratio for 1988	1.15		1.05	

*Includes discounted lease payments.

**Average of farms reporting nonfarm assets and liabilities for 1988.

***Includes FLB/PCA stock and discounted lease payments for cattle and machinery.

FARM FAMILY FINANCIAL SITUATION BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with:	100 to 149 Cows		150 to 199 Cows	
		Jan. 1	Dec. 31	Jan. 1	Dec. 31
ASSETS					
Farm cash/chkg./savings		\$ 10,907	\$ 15,024	\$ 9,184	\$ 15,950
Accounts receivable		22,149	25,052	34,103	37,876
Prepaid expenses		0	62	57	0
Feed & supplies		55,111	60,700	79,415	86,404
Livestock*		149,876	159,687	223,016	233,323
Machinery & equipment*		136,228	141,737	179,605	182,784
FLB & PCA stock		6,146	5,896	13,047	12,959
Other stock & cert.		5,952	6,261	16,900	16,437
Land & buildings*		<u>327,973</u>	<u>335,407</u>	<u>468,814</u>	<u>493,711</u>
Total Farm Assets		\$714,342	\$749,826	\$1,024,141	\$1,079,444
Pers. cash/chkg./savings		\$ 5,805	\$ 5,810	\$ 2,693	\$ 2,738
Cash value of life ins.		5,260	5,825	10,159	12,195
Nonfarm real estate		91,000	110,969	42,571	51,143
Auto (personal share)		2,101	2,189	1,971	4,979
Stocks & bonds		2,549	3,483	836	945
Household furnishings		6,500	7,138	9,750	9,964
All other		<u>2,871</u>	<u>2,711</u>	<u>1,854</u>	<u>14,863</u>
Total Nonfarm Assets**		\$116,086	\$138,124	\$ 69,834	\$ 96,827
Total Farm & Nonfarm Assets		\$830,428	\$887,950	\$1,093,975	\$1,176,271
LIABILITIES					
Accounts payable		\$ 4,179	\$ 4,376	\$ 9,549	\$ 10,589
Operating debt		2,860	2,775	5,399	9,025
Short term		3,442	2,818	3,088	7,270
Advanced gov't. rec.		69	0	0	0
Intermediate***		99,192	99,795	137,202	129,905
Long term*		<u>135,158</u>	<u>131,475</u>	<u>197,395</u>	<u>196,886</u>
Total Farm Liab.		\$244,900	\$241,239	\$ 352,633	\$ 353,676
Total Nonfarm Liab.**		<u>1,147</u>	<u>945</u>	<u>1,177</u>	<u>575</u>
Total Farm & Nonfarm Liabilities		\$246,047	\$242,184	\$ 353,810	\$ 354,251
Farm Net Worth (Equity Capital)		\$469,442	\$508,587	\$ 671,508	\$ 725,768
Farm & Nonfarm Net Worth		\$584,381	\$645,766	\$ 740,165	\$ 822,020
FINANCIAL MEASURES					
Percent equity			68%		67%
Debt/asset ratio-long term			0.39		0.40
Debt/asset ratio-inter. & current			0.26		0.27
Change in net worth with apprec.			\$39,145		\$54,260
Total farm debt per cow			\$2,010		\$2,033
Debt payments made per cow			\$471		\$501
Debt payments as % of milk sales			22%		24%
Amount avail. for debt service			\$55,340		\$70,113
Cash flow coverage ratio for 1988			1.09		1.06

*Includes discounted lease payments.

**Average of farms reporting nonfarm assets and liabilities for 1988.

***Includes FLB/PCA stock and discounted lease payments for cattle and machinery.

FARM FAMILY FINANCIAL SITUATION BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with:		More than 300 Cows	
	200 to 299 Cows		Jan. 1	Dec. 31
	Jan. 1	Dec. 31	Jan. 1	Dec. 31
ASSETS				
Farm cash/chkg./savings	\$ 6,852	\$ 6,047	\$ 11,551	\$ 17,077
Accounts receivable	42,654	46,641	80,033	102,600
Prepaid expenses	0	381	3,601	5,032
Feed & supplies	110,563	120,265	261,579	288,123
Livestock*	294,678	310,431	496,895	564,900
Machinery & equipment*	196,810	218,866	314,866	338,523
FLB & PCA stock	13,911	15,602	15,888	21,595
Other stock & cert.	22,919	22,927	66,023	68,053
Land & buildings*	<u>606,656</u>	<u>616,437</u>	<u>1,032,410</u>	<u>1,132,831</u>
Total Farm Assets	\$1,295,043	\$1,357,597	\$2,282,846	\$2,538,735
Pers. cash/chkg./savings	\$ 10,227	\$ 11,091	\$ 1,616	\$ 8,145
Cash value of life ins.	7,164	7,318	1,451	1,505
Nonfarm real estate	25,273	24,818	25,600	34,000
Auto (personal share)	3,773	4,159	2,935	3,900
Stocks & bonds	25,527	28,617	16,473	17,730
Household furnishings	10,000	10,455	8,600	9,200
All other	<u>16,588</u>	<u>18,481</u>	<u>13,919</u>	<u>5,930</u>
Total Nonfarm Assets**	\$ 98,552	\$ 104,939	\$ 70,595	\$ 80,411
Total Farm & Nonfarm Assets	\$1,393,595	\$1,462,536	\$2,353,441	\$2,619,146
LIABILITIES				
Accounts payable	\$ 9,504	\$ 13,705	\$ 9,653	\$ 11,539
Operating debt	10,964	10,809	57,635	89,818
Short term	12,095	19,329	15,232	24,590
Advanced gov't. rec.	0	0	0	0
Intermediate***	210,412	211,558	392,319	463,532
Long term*	<u>209,592</u>	<u>207,354</u>	<u>469,520</u>	<u>461,387</u>
Total Farm Liab.	\$ 452,568	\$ 462,755	\$ 944,359	\$1,050,866
Total Nonfarm Liab.**	<u>12,723</u>	<u>10,245</u>	<u>0</u>	<u>0</u>
Total Farm & Nonfarm Liabilities	\$ 465,291	\$ 473,000	\$ 944,359	\$1,050,866
Farm Net Worth (Equity Capital)	\$ 842,475	\$ 894,843	\$1,338,487	\$1,487,869
Farm & Nonfarm Net Worth	\$ 928,304	\$ 989,536	\$1,409,082	\$1,568,280
FINANCIAL MEASURES				
	200 to 299 Cows		More than 300 Cows	
Percent equity	66%		59%	
Debt/asset ratio-long term	0.34		0.41	
Debt/asset ratio-inter. & current	0.34		0.42	
Change in net worth with apprec.	\$52,367		\$149,382	
Total farm debt per cow	\$1,851		\$2,198	
Debt payments made per cow	\$537		\$496	
Debt payments as % of milk sales	23%		20%	
Amount avail. for debt service	\$120,532		\$303,053	
Cash flow coverage ratio for 1988	1.22		1.56	

*Includes discounted lease payments.

**Average of farms reporting nonfarm assets and liabilities for 1988.

***Includes FLB/PCA stock and discounted lease payments for cattle and machinery.

SELECTED BUSINESS FACTORS BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with:	Less than 40 Cows	40 to 54 Cows	55 to 69 Cows	70 to 84 Cows	85 to 99 Cows
Number of farms		29	67	81	53	36
<u>Cropping Program Analysis</u>						
Total Tillable acres		107	156	219	252	296
Tillable acres rented*		31	49	67	76	108
Hay crop acres*		78	98	131	139	168
Corn silage acres*		15	28	37	48	63
Hay crop, tons DM/acre		2.0	2.2	2.4	2.5	2.6
Corn silage, tons/acre		12.6	13.4	12.7	13.9	13.8
Oats, bushels/acre		3.0	33.4	58.1	42.8	41.5
Forage DM per cow, tons		6.7	7.4	7.7	7.5	7.9
Tillable acres/cow		3.2	3.3	3.6	3.3	3.2
Fert. & lime exp./til. acre		\$15.84	\$22.18	\$23.56	\$27.58	\$27.97
Total machinery costs		\$13,368	\$18,263	\$26,363	\$31,093	\$41,459
Machinery cost/tillable acre		\$125	\$117	\$120	\$123	\$140
<u>Dairy Analysis</u>						
Number of cows		33	47	61	77	93
Number of heifers		22	36	51	66	77
Milk sold, lbs.		544,550	742,474	979,950	1,252,616	1,608,344
Milk sold/cow, lbs.		16,264	15,833	16,006	16,165	17,356
Operating cost of prod. milk/cwt.		\$8.97	\$9.60	\$9.36	\$9.13	\$9.08
Total cost of prod. milk/cwt.		\$15.57	\$15.30	\$15.16	\$14.17	\$13.31
Price/cwt. milk sold		\$12.68	\$12.98	\$12.87	\$12.96	\$12.83
Purchased dairy feed/cow		\$626	\$613	\$575	\$584	\$620
Purchased dairy feed/cwt. milk		\$3.85	\$3.87	\$3.59	\$3.61	\$3.57
Purchased grain & conc. as % of milk receipts		27%	28%	27%	27%	28%
Purchased feed & crop expense/cwt. milk		\$4.43	\$4.66	\$4.50	\$4.57	\$4.51
<u>Capital Efficiency</u>						
Farm capital/worker		\$150,202	\$167,498	\$176,466	\$181,148	\$189,902
Farm capital/cow		7,451	6,677	6,975	6,385	5,958
Farm capital/til. acre owned		3,240	2,926	2,809	2,811	2,937
Real estate/cow		4,082	3,546	3,567	3,048	2,673
Machinery investment/cow		1,340	1,195	1,281	1,216	1,193
Capital turnover, years		2.83	2.53	2.66	2.39	2.11
<u>Labor Efficiency</u>						
Worker equivalent		1.66	1.87	2.42	2.73	2.91
Operator/manager equivalent		1.10	1.16	1.36	1.41	1.31
Milk sold/worker, lbs.		327,861	397,172	404,979	458,644	553,188
Cows/worker		20	25	25	28	32
Work units/worker		205	263	285	303	352
Labor cost/cow		\$532	\$444	\$449	\$425	\$406
Labor cost/tillable acre		\$166	\$133	\$126	\$131	\$127

*Average of all farms, not only those reporting data.

SELECTED BUSINESS FACTORS BY HERD SIZE
406 New York Dairy Farms, 1988

Item	Farms with:	100 to 149 Cows	150 to 199 Cows	200 to 299 Cows	300 or More Cows
Number of farms		81	25	21	13
<u>Cropping Program Analysis</u>					
Total tillable acres		367	500	618	919
Tillable acres rented*		134	216	214	295
Hay crop acres*		190	241	243	309
Corn silage acres*		84	140	226	382
Hay crop, tons DM/acre		2.6	2.8	2.8	3.4
Corn silage, tons/acre		14.7	13.6	14.2	15.1
Oats, bushels/acre		44.7	58.3	35.3	54.6
Forage DM per cow, tons		7.7	7.6	7.2	6.5
Tillable acres/cow		3.1	2.9	2.6	2.0
Fert. & lime exp./til. acre		\$29.56	\$30.94	\$38.94	\$33.63
Total machinery costs		\$49,168	\$70,776	\$95,583	\$141,975
Machinery cost/tillable acre		\$134	\$142	\$155	\$155
<u>Dairy Analysis</u>					
Number of cows		119	172	241	453
Number of heifers		96	148	179	343
Milk sold, lbs.		1,959,901	2,864,891	4,099,894	8,665,733
Milk sold/cow, lbs.		16,531	16,656	17,036	19,113
Operating cost of prod. milk/cwt.		\$9.37	\$10.02	\$9.93	\$9.41
Total cost of prod. milk/cwt.		\$13.65	\$13.73	\$13.17	\$11.87
Price/cwt. milk sold		\$13.09	\$13.13	\$12.94	\$13.25
Purchased dairy feed/cow		\$593	\$635	\$652	\$737
Purchased dairy feed/cwt. milk		\$3.59	\$3.81	\$3.83	\$3.86
Purchased grain & conc. as % of milk receipts		27%	29%	29%	28%
Purchased feed & crop expense/cwt. milk		\$4.58	\$4.77	\$4.88	\$4.55
<u>Capital Efficiency</u>					
Farm capital/worker		\$206,856	\$214,798	\$220,180	\$236,828
Farm capital/cow		6,175	6,115	5,511	5,317
Farm capital/til. acre owned		3,142	3,703	3,283	3,870
Real estate/cow		2,798	2,798	2,541	2,388
Machinery investment/cow		1,172	1,053	864	721
Capital turnover, years		2.27	2.14	2.01	1.72
<u>Labor Efficiency</u>					
Worker equivalent		3.54	4.90	6.02	10.18
Operator/manager equivalent		1.48	1.56	1.42	1.47
Milk sold/worker, lbs.		553,786	585,070	680,615	851,294
Cows/worker		33	35	40	45
Work units/worker		351	371	405	438
Labor cost/cow		\$383	\$425	\$405	\$482
Labor cost/tillable acre		\$124	\$146	\$158	\$238

*Average of all farms, not only those reporting data.

IDENTIFY AND SET GOALS

If businesses are to be successful, they must have direction. Written goals help provide businesses with an identifiable direction over both the long and the short term. Goal setting is as important on a dairy farm as it is in other businesses. Written goals are a tool which farm operators can use to ensure that the business continues to move in the proper direction.

1. Goals should be specific.
2. Goals should be realistic and achievable.
3. The achievement of the goal should be verifiable.
4. You should designate a time when each goal will be achieved.

Goal setting on a dairy farm does not have to be a complex process. In many cases it provides a process for writing down and agreeing on goals that you have already given some thought to. It is also important to remember that once you write out your goals they are not cast in concrete. If a change takes place which has a major impact on the farm business, the goals should be reworked to accommodate that change. Refer to your goals as often as necessary to keep the farm business progressing.

It is important to identify both long and short range goals when looking at the future of your farm business.

A suggested format for writing out your goals is as follows:

- a. Begin with a general philosophy statement which incorporates both business and family goals.
- b. Identify 4-6 long range goals.
- c. Identify specific short range goals for a given time period (i.e., one year).

Worksheet for Setting Goals

I. General Philosophy and Objectives

Other Agricultural Economics Extension Publications

No. 89-34	Farm Income Tax Management and Reporting Reference Manual	G. Casler S. Smith
No. 89-35	FORAGE PRODUCTION: A Pro-Dairy Management Focus Workshop for Farm Managers, Facilitator's and Participants Manual	N. R. Leonard R. A. Milligan W. D. Pardee
No. 89-36	Fruit Farm Business Summary, Lake Ontario Region, 1988	D. P. Snyder A. M. DeMarree
No. 89-37	New York Economic Handbook 1990, Agriculture Situation and Outlook	Extension Staff
No. 89-38	Census of Agricultural Highlights, New York State, 1987	B. Stanton W. Knoblauch L. Putnam
No. 90-1	Micro DFBS, A Guide to Processing Dairy Farm Business Summaries in County and Regional Extension Offices for Micro DFBS V 2.4	L. D. Putnam W. A. Knoblauch S. F. Smith
No. 90-2	Poultry Farm Business Summary, New York, 1988	D. P. Snyder S. Ackerman K. Park
No. 90-3	The Economics of Concord and Niagara Grape Production in the Great Lakes Region of New York, 1989	G. B. White J. S. Kamas
No. 90-4	Agricultural District Legislation in New York as Amended Through 1989	K. V. Gardner
No. 90-5	Agricultural Lending Policy of New York Commercial Banks	J. M. Thurgood E. L. LaDue
No. 90-6	Proceedings of Managing Farm Personnel in the 90's	Bernie Erven Guy Hutt Tom Maloney
No. 90-7	The U.S. Dairy Situation and Outlook for 1990	Andrew M. Novakovic